



The Insider

www.senate.mi.gov/switalski

Inside State Politics with State Senator Mickey Switalski Senate District 10

September 16, 2005

Welcome to the electronic version of *The Insider*. I would like to take the opportunity to thank you for your support and for giving me an opportunity to represent you in the Michigan Senate. It is my sincere hope that this bi-weekly e-newsletter will keep you informed of the happenings in Lansing while staying true to the traditional style of *The Insider*. If you would like to contact me, please feel free to e-mail me at senmswitalski@senate.michigan.gov or call me at my Roseville or Lansing office. You can also meet me in person during my constituent hours, coming to a library near you. Call my office and make an appointment or just walk in. See schedule for details.

Mickey's Letter Bag: Gas Prices

Dear Senator:

You have provided a good explanation of what factors affect gas prices. I would like to see Governor Granholm go a step further in addressing the issue of high gas prices by eliminating the state gas tax (19 cents) and the 6 percent sales tax (another 18 cents based on a selling price of \$3.00/gal) until the refineries are back to producing at capacity and/or when OPEC can send more oil to the US. Any chance of this? I don't think consumers realize how much of the gasoline price at the pump is due to taxes. When President Bush reduced taxes, it provided us with more money to spend thus helping the economy. After all, when people spend less on gas (taxes) they will have more to spend on other items like food, cars, housing, etc. to help Michigan's economy turn around. I've lived in Michigan all my life and can't remember a time when the economy has been in a worse negative condition. Higher taxes are not the answer to a better economy. Thanks for listening.

Betty J. Waleke
Sterling Heights

Hi Betty:

I don't think a suspension is a good idea, because the taxes you describe go for road repairs and improvements and also to our schools. These things are also vital to our economy, and if we don't fund them, we are hurting ourselves.

Mickey

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Mr. Switalski, part of the problem is that some years back the government approved the purchase of independent refineries by the big oil companies then, they closed the small refineries and sent the

production to their big refineries to run at full capacity therefore getting a better return on their investments. As it stands now even if we do not have a crisis like Katrina they find ways to increase the price of gas or heating oil because they do not have enough capacity to produce both at the same time which they could do if they had more refineries. If a refinery breaks down or extends the scheduled down time due to maintenance the prices goes up.

So again they will rather increase the prices of the products to reduce demand and improve their return. I believe the government should get involved and force the oil companies to build more refineries to prevent any more of these increases. How about reducing the speed down to 55 miles/HR until the refineries in the gulf area are back in service.

Thanks,
Roland Hernandez
Clinton Township

Those are good suggestions and some were used successfully during the last oil crisis in the late 70s and early 80s. The manipulations you describe were perfected by the thieves at Enron, and I hope we don't have to repeat that sad chapter.
Mickey

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Dear Senator Switalski;

Fuel Prices; Help!

I am retired and live on a fixed income. The rising cost of fuel makes me consider the necessity of doing things I might, do such as visiting relatives who live 50 miles away. I am lucky as I receive Social Security and a Union Pension. The working Poor who must drive any distance to work are really in a bind. I do not know what we can do about this, it seems that who ever decides to raise fuel prices just do so and offer some sort of reasoning for the raise, it does not make sense to me.

I propose that as of right now that a Fifty Cent Tax be put on fuel and the proceeds be used to lessen our dependence on Oil. And especially oil from foreign countries that pay no taxes on the large amounts of money we pay them. And the American owned or controlled Petroleum Companies with offshore offices who pay no Taxes.

Robert L. Duncan
Clinton Township

Thanks for your e-mail. I appreciate your concerns regarding high gas prices. I have heard that idea before as a way to reduce our consumption of oil but I do not think it would garnish enough votes to pass in the Michigan Legislature or in Congress. I am a strong supporter of reducing our dependence on foreign oil.
Mickey

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Dear Senator Switalski:

Let the market determine the price. I'm old enuf' to remember gas rationing during WWII. This too shall pass.

Sue Westlake
Clinton Township

I agree. We beat the gas gougers of the 70s with a glut in the 80's that lasted for 20 years. I believe we will do it again even more successfully.

Mickey

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Dear Senator:

Why, if we get the majority of our gas from the Middle East, did Hurricane Katrina cause such a huge increase in the pump price before there could have been any effect on supply? Why are oil companies allowed to raise prices in anticipation of a shortage? The gas in the ground was purchased at a lower price but they are allowed to charge a higher price for it. I fail to understand why.

Ray Wehba
Clinton Township

Hi Ray:

I guess the short answer is because the government doesn't regulate the price of gasoline, we allow the market to dictate the price. On occasion, cartels like OPEC or unscrupulous companies like Enron will try to manipulate the market and gouge consumers. Governor Granholm hollered and got them to reduce to \$2.99 a gallon, but Marathon didn't have to do it. The Governor doesn't have the authority to set the price of gas. They did it because she asked, and perhaps they felt guilty about all the good reasons you listed.

Mickey

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Hi Mickey!

I just have a few comments concerning gas prices. From what I gather through our not-so-trustworthy media, the price of crude coming out of the Middle East hasn't really been a problem. In fact, our buddies in Saudi have agreed to increase production to fill the demand. The problem has been the "Six Sisters" -- our own oil producers that are at the bottom of things. At first, I wrote off this idea as a crank rant, but then I've noted that they posted record profits. Hmmm...It appears to me that we've put way too much focus on OPEC, and when we weren't looking, we've been blindsided by our own. It might be a good thing to look into this.

Another thing that came to me via e-mail is the report from geologists on the Artic National Wildlife Refuge reserves. Again, I don't know if this is just one of those e-mail things that gets passed around as if it were gospel or if it's real, but if it is real, then it's a no-brainer to open up the taps there. From what I read, we can draw almost as much (some 2/3rds) as we import from OPEC countries. There must be a way to tap this resource while minimizing the impact on local wildlife. Again, it would be good to check the facts here more closely.

Much less authoritative looking than the above came this e-mail a couple of days ago:

A further point of clarification about oil prices: Most of the US oil companies have either their own wells or ones that they have contracted for at fixed prices. When the domestic supply isn't enough, they get oil from outside the US - the Middle east, the North Sea, Southeast Asia, Russia and its neighbors, Nigeria, Venezuela, Mexico, etc. most of those sources they either own or have long term contracts for at fixed prices.

Any shortfall in those sources is made up on the "spot" market – an unregulated international commodities market. And it is the spot market where the \$66+/barrel price comes from. Most of the oil they acquire costs much, much less than that. And the oil they acquire from outside the country takes anywhere from two weeks to 2 months to get to the refinery, depending on how long it takes for the tankers to make the trip. So today's price on the spot market has little to do with the production cost of the gasoline delivered today to your local service station. Unfortunately, you won't read or hear that in the media reports.

Again, if it's true, then it's a major concern. If it's not, then some people really need a life. I know this places a bit of a burden on you to constantly dig up information (unless, of course, you already have it -- I hope!), but if any of this is true, then there might be much easier ways to get relief from the gas crunch than we think! In the meantime, all the new oil in the world won't help until we get our own refineries back online. New Orleans and Mississippi must remain a priority for the foreseeable future.

As always, thank you for reading my ramblings. I've made an effort to not bother you as much as possible, but since you asked... :) I truly appreciate your hands-on approach and lack of typical "politricks." You're a rare one!!!

Sincerely,
Stuart Chisholm
Roseville

Your questions are right on target and entirely appropriate. I would just add one perspective, that of the oil companies. When the spot market goes up, they are faced with a choice of selling for a high price on the spot market, or at a lower price elsewhere. The contracts usually are tied to the spot market in some way. Obviously they want to sell at as high a price as possible, and if that means windfall profits, it's a cross they'll just have to bear!

As to ANWR, I've heard so many conflicting estimates it is hard to know who to believe. I agree with your conclusion, though, that there must be a way to develop while being environmentally sensitive.

The current choke point appears to be the refineries, so the sooner we get Louisiana back on line the better for all of us.

Mickey

Mickey's Blog

Katrina: Desperately Seeking Survivors

I went to Louisiana State University in Baton Rouge, about 60 miles from New Orleans, so when Katrina hit, I was worried about some of my college pals. Most of my buddies have moved away since I left Louisiana in 1981, either to Texas, Ohio, California, or Washington. But I had a couple of old girlfriends who were still in the path of the hurricane, and I got very uneasy.

It's one thing to read or hear about people, or even to see them on TV suffering and dying. But to have people you have known and loved be missing in harm's way can be very unsettling. I hadn't spoken to one of these women in 23 years, but after Katrina I was on the computer and telephone all day trying to track down these women's whereabouts.

I called my friends and asked them to help me look for them, and I checked The List created by the Red Cross to see if I could find their names or any of their family's names. I googled them. I got out my LSU Alumni Directory and looked up their employers. But neither of them were on The List because you have to put yourself on the list, and if your house has washed away and you are living out of your car or wading thru the street or worse, the last thing you have on your mind is finding a secure internet connection.

All these things went thru my mind as I made my search, but the thoughts were not comforting. I finally found them safe and secure after a week, and I felt like I had won the lottery. I talked to them both by email, heard their stories, and felt so happy that they were alive. But I felt like a rotten friend who had neglected to stay in touch with them for so long. I thanked God for giving me a second chance to be a better friend and a better person.

Gaynell was living in Belle Chasse, south of New Orleans right on the Mississippi and directly in Katrina's path. The New York Times had printed a map one day with a big circle around Belle Chasse which had put me in a panic. But she told me that her whole extended family, including her kids, her parents, her sister's family and brother's family, had all evacuated early Sunday to beat the traffic and were in a motel room in Northwest Louisiana. She is a grade school teacher and who knows what will happen to Belle Chasse. She tells me everything on the south side of the town is gone.

Her biggest concern was her brother, who was a New Orleans cop and whom they hadn't heard from for nearly a week. He was finally given three days R&R and they were all so thankful he was OK. Tynia was safe in New Jersey, but likewise had a brother on the New Orleans fire department who had some stories to tell.

I asked what I could do for them, but Southerners, and especially Southern Women, are incredibly strong and proud people. They are very gracious people. I know when they get back to their homes and families and survey the damage, that they will resolutely rebuild their lives.

They will tell colorful stories for generations about the terrible events of these last weeks. I learned at LSU what a great part of the country the South is, the only part of America to taste defeat in war and to be occupied. Adversity builds character, and New Orleans of all places is full of characters.

I have no doubt the South shall rise again.

Mickey's TV Insider Show

Check out my TV Insider Show coming to a television station near you. Watch me interview local guests about politics, life, issues and concerns to our district.

Sterling Heights

Every Saturday and Sunday at 12:30 p.m.
(Comcast Channel 5/WOW Channel 10)

Utica

Every Wednesday at 9 a.m.
(Comcast Channel 5/WOW Channel 10)

Clinton Township

Last week of every month- Sat thru Thurs
(Comcast Channel 5/WOW Channel 10)

Roseville

Various Times
(Comcast Channel 18)

*Please note that Sterling Heights/Utica/Clinton Township will show the TV Insider Show on Comcast Channel 5 and Wide Open West Channel 10. Clinton Township will air the TV Insider Show at various times during the last week of every month. Roseville can see the TV Insider Show on Comcast Channel 18.

Coffee Hours

*Please note that since the District Office is in Roseville, I do not have set coffee hours in Roseville. However, I encourage you to visit the Roseville office. We even have a coffee pot. Everyone is welcome to attend the coffee hours and discuss their issues and concerns.

September 26
7-9 p.m.

Location: Clinton-Macomb Public Library
(40900 Romeo Plank, south of Canal Road)
Clinton Township

October 3
7-9 p.m.

Location: Sterling Heights Public Library
(40255 Dodge Park)
Sterling Heights

Contact My Office

Website: <http://www.senate.mi.gov/switalski>

Email: senmswitalski@senate.michigan.gov

Lansing Office

Senator Mickey Switalski
Senate District 10
410 Farnum
PO Box 30036
Lansing, Michigan 48909

(866)303-0110 toll free
(517)373-7315
Fax-(517)373-3126

District Office

28311 Utica Road
Roseville, MI 48066

Monday through Friday
9:00 A.M. to 5:00 P.M.

(586)774-2430
Fax-(586)774-0012